

Message Text

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PAGE 01 LONDON 13061 221523Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W
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R 221510Z AUL 75
FM AMEMBASSY LONDON
TO USDOC WASHDC
INFO SEISTATE WASHDC 4055

UNCLAS LONDON 13061

E.O. 11652: N/A
TAGS: BEXP, XF
SUBJECT: MAJOR PRODUCT OPPORTUNITY: DESALINATION EQUIP-
MENT FOR MIDDLE EAST

1. FINANCIAL TIMES OF AUGUST 21 PUBLISHED FRONT PAGE
AND FOLLOW-UP ARTICLES
ON AWARD TO U.K. FIRM OF 30
MILLION POUND CONTRACT FOR FOUR DESALINATION PLANTS IN
QATAR. GLASLOW-BASED WEIRWAWESTGARTH LTD., WINNER OF
CONTRACT, IS PART OF LARGE WEIR GROUP LTD. AND HAS
LONG BEEN ACTIVE IN DESALINATION EQUIPMENT AND CON-
STRUCTION FIELD. COMPANY RECEIVED SEVEN CONTRACTS WORTH
10 MILLION POUNDS IN 1974, MOSTLY IN MIDDLE EAST. QATAR
PLANTS WILL HAVE UNUSUALLY LARGE FIVE MILLION GALLONS
PER DAY CAPACITY EACH, USING MULTI-STAGE FLASH
EVAPORATION PROCESS.

2. INTERESTINGLY, PARENT GROUP CHAIRMAN VISCOUNT WEIR
TOLD FT THAT SEVERAL MILLION POUNDS WORTH OF EQUIPMENT
FOR THE QATAR PLANTS WILL HAVE TO BE PURCHASED ABROAD.
HE ATTRIBUTED THIS TO UNCOMPETITIVE QUOTES FROM BRITISH
FIRMS DUE TO WAGE INFLATION AND "ADVERSE INDUSTRY
CONDITIONS". (MANAGING DIRECTOR OF WEIR-WESTGARTH TOLD
EMBASSY OFFICER THAT LORD WEIR'S STATEMENT DOES NOT,
HOWEVER, IMPLY THAT FIRM IS SEEKING SOURCES OF SUPPLY.
RATHER, IT WAS INTENDED AS SIGNAL TO /HMG THAT NON-U.K.
COMPONENTS WILL BE INCLUDED IN PROJECT THROUGH SUB-
CONTRACTS ALREADY ARRANGED WITH EUROPEAN COMPANIES.)
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3. FT REPORT HIGHLIGHTS WHAT IS SEEN IN INDUSTRY AS AN UPTURN IN MIDDLE EAST MARKET FOR DESALINATION PLANT FOLLOWING SLUMP OVER PAST YEAR OR TWO. SOME SUPPLIERS, INCLUDING WESTINGHOUSE, REPORTEDLY HAD ABANDONED SALES EFFORTS IN THE AREA AS A CONSEQUENCE OF POOR MARKET. WEIR-WESTGARTH OFFICIALS NOW SEE "EXPLODING DEMAND" IN MIDDLE EAST FOR FRESH WATER TO BE USED IN INDUSTRIALIZATION PROGRAMS. COMPANY SAYS UP TO 500 MILLION GALLONS PER DAY CAPACITY WILL BE INSTALLED OVER NEXT FIVE YEARS, MOSTLY IN SAUDI ARABIA. THIS WOULD REPRESENT INVESTMENT OF MORE THAN 3,000 MILLION DOLLARS AT CURRENT PRICES. WEIR-WESTGARTH EXPECTS ITS MAIN COMPETITION FOR FUTURE ORDERS TO COME FROM MITSUBISHI, SOCIETE INTERNATIONALE DE DESSALEMENT (FRANCE) AND SOCIETA ITALIANA RESIME, ALL OF WHICH ARE ACTIVE IN MIDDLE EAST.

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON13061
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: D750291-0707
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750894/aaaagofp.tel
Line Count: 82
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 19 DEC 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 DEC 2002 by ReddocGW>; APPROVED <13 JAN 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971006
Subject: MAJOR PRODUCT OPPORTUNITY: DESALINATION EQUIP- MENT FOR MIDDLE EAST
TAGS: BEXP, XF
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006